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MARKETING ACTIVITIES



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A Look Ahead on Meat

By Charles A. Burmeister

Sixteen months have elapsed since most of the wartime price controls were discontinued. During that period prices have been free to find their natural level as determined by supply and demand operating without restrictions, as they did before the war. Demand, backed by consumer incomes more than double those of prewar years, has caused prices of many products to rise to new all-time highs. The average of all commodity prices is now about at the peak reached in 1920 after the first World War. Naturally there is great concern as to this situation and as to whether prices will continue to rise. For those who have to look far ahead in planning operations, it is even more important to consider the possibilities of a sharp decline in prices and how far it might go, once it gets under way.

In appraising the outlook for the livestock industry this year, and the years immediately beyond, we need to consider whether consumers are likely to have more or less money to spend for meat than they had last year. This will depend on whether there is continued high employment and on what happens to wages and salaries. Normally, around 6 percent of total consumer income remaining after payment of taxes is spent for meat. Consumer income, therefore, is equally important with meat supplies in determining meat and livestock prices.

Supply

When we appraise the outlook from the supply side, we need to consider present trends in both livestock numbers and production to determine if we may expect to have more or less livestock available for slaughter. Information on this is more complete and more definite than that on probable future employment and consumer income. Supplies that may be expected this year and next are now fairly well indicated, and the trends in cattle and sheep production can be visualized even farther ahead.

Prospective supplies of feed are important in appraising probable future developments in the livestock industry, particularly with respect to hogs. Will the weather during this coming crop growing season make it possible to produce an abundant crop of feed grain next fall? Feed grains are now generally in short supply, and high in price as compared with prices of livestock. This is primarily because of unfavorable weather conditions last summer which greatly reduced the corn crop. Supplies of corn now on farms are down 29 percent from a year ago, and are the smallest for this month since January 1937. An average or better corn crop next fall could be expected to cause feed prices to decline in relation to livestock prices and thus be an incentive to the raising of more hogs. The trend in hog production is now downward at a time when an increase is needed.

Probable developments with respect to our export trade in meats and

imports of meats and livestock into this country are factors of lesser importance which need to be considered in appraising the livestock outlook. Prices of livestock and meats are much higher here than in other countries. This might be expected to attract increased imports of livestock and meats unless such imports are restricted for other reasons. We need to consider also if the plans to improve the economic situation in Europe will require us to ship more meat abroad in the next few years.

Last year was generally favorable for livestock producers, despite a rise in production costs, particularly costs of feed. Demand for meat was sustained by the highest level of consumer income on record. Disposable income of consumers averaged more than \$1,200 per person compared with an average of slightly over \$500 in the 5 years just before the war. Livestock prices rose to new peaks, even though cattle marketings exceeded all previous records and meat supplies generally were very large. Meat consumption per person was the largest since 1909. Slaughter of cattle and calves totaled about 36 million head, or 12 percent more than in the previous year and 50 percent more than the average of the 5 years preceding the war. Slaughter of hogs, totaling about 76 million head, was about the same as in 1946, but because of heavier weights the output of pork was greater. Slaughter of sheep and lambs decreased about 15 percent. This decrease reflected the sharp drop in sheep numbers that has been under way since 1942 when numbers were at an all-time peak.

Prices

After price controls were discontinued in mid-October 1946 (16 months ago), livestock prices rose sharply as unrestricted demand quickly came into balance with offerings. Seasonal increases in supplies caused prices to decline during the winter, but this was followed by a rise in the spring, and prices of most classes and grades advanced to new highs. During the second half of the year cattle prices were well maintained, even during the period of the seasonal increase in grass cattle when prices of the lower grades normally decline. Near the end of the year marked strength developed, cattle prices reached new peaks, and hog prices started their seasonal rise in November--somewhat earlier than usual.

The year ended with prices up 7 percent over the previous December for hogs, 13 percent on lambs, 18 percent on cattle, and 30 percent on calves. Except for calves these increases were only about enough to offset the rise of 14.5 percent in prices of the goods farmers buy. The purchasing power of lambs decreased 1 percent and that of hogs 6 percent. Purchasing power of dairy products and poultry declined even more. Prices of cattle, hogs, and lambs are now up about 50 percent above their parity prices. They were even further above parity in September. Compared with their purchasing power in 1941, cattle are up 25 percent, lambs 22 percent, and hogs 54 percent. In 1941, hogs were 5 percent below parity and cattle and lambs about 21 percent above.

Because of the unusually high prices now received for livestock, it might be expected that livestock production would be expanding. On

the contrary, the trend is downward. During the next 2 years at least, we may expect to see fewer cattle, hogs, and sheep for slaughter. This means less meat for consumers regardless of their buying power and the prices they are willing to pay. The reasons for the decrease in production are different for each kind of livestock.

Sheep numbers have been decreasing since 1942, primarily because during the war period production costs increased in relation to returns and sheep raisers found alternative enterprises more attractive. Stock sheep numbers at the beginning of last year were down 17 million head, or 34 percent from the all-time peak reached 5 years earlier. It appears that numbers now are about a million less than a year ago, and the present total is the smallest since the Civil War. This year's lamb crop will probably be the smallest in the last 50 years. This means fewer lambs for slaughter, and if sheepmen next summer and fall are inclined to start holding back ewe lambs to rebuild their flocks, slaughter supplies will be even smaller. The rebuilding of flocks appears almost certain to get under way either this year or in 1949. But it can be accomplished only by holding back more than the usual proportion of ewe lambs from slaughter; hence smaller supplies of lamb and mutton are in prospect for the next few years.

It seems unlikely that sheep numbers will again increase to the peak level reached in 1942, when we had more than 49 million stock sheep. The sheep industry in this country has always been primarily a frontier industry, operating largely in mountain areas and regions of limited rainfall where sheepmen could compete more advantageously with other agricultural producers. Expansion in sheep raising will have to be based primarily on the prospective demand for lamb, rather than wool, since wool prices will be determined largely by supply and demand conditions for wool in other parts of the world. The strong demand for beef and dairy products will tend to hold down sheep production in the farm flock States. In the Western States, excluding Texas, expansion will depend on the availability and cost of herders, and the extent to which weather conditions in the next few years tend to restrict cattle production in those States. Sheep numbers have been reduced less in Texas than elsewhere, and there is some uncertainty as to whether sheep numbers there will or can expand greatly in the next few years.

Hogs

The trend in hog production is now downward because of the reduction in supplies of feed grains, primarily corn, which resulted because of the unfavorable crop weather last year. Corn prices have risen relatively more than hog prices, and this is causing hog producers to market hogs at lighter weights and to breed fewer sows. Instead of an increase of 9 percent in the number of sows farrowed last fall, as was indicated in the intentions report of last June, the increase realized, as reported in December, was only 4 percent. The December survey shows that producers are now planning a reduction of 11 percent from last year in the number of sows to farrow this coming spring. In the Corn Belt States, the indicated decrease is 14 percent. With average size litters, the 1948 spring pig crop will total about 48 million head, or nearly 5 mil-

lion less than last year. These pigs will come to market next fall and winter.

The short corn crop of last year has caused farmers not only to produce fewer pigs but also to market last spring's pig crop earlier than usual. Slaughter during the period October to December exceeded that of a year earlier by more than 2 million head, although the 1947 spring pig crop was less than a million greater than the 1946 crop. The supply of hogs on farms at the beginning of 1945 for market during the first 4 months appears to be about 2 million less than a year earlier.

The supply of hogs for slaughter from May to September will come largely from the pig crop produced last fall and from the sows farrowing pigs this spring. These hogs also will provide the sows and gilts that will farrow next fall's pig crop. If prospects for the corn crop are favorable in June and July, the hog-corn price ratio at that time is likely to be sufficiently favorable to encourage farmers to increase fall farrowings, and this would thus reduce the supply of hogs for the summer market. An increase of 10 percent in sows and gilts held for farrowing next fall would reduce the summer market supply of hogs by half a million head. These indications as to probable supplies point to a possible reduction of about 4 percent in the number of hogs for slaughter during the next 8 months. Since market weights will be less than in 1947 when they were considerably above average, the reduction in pork output will be relatively greater than the decrease in numbers.

If more sows are bred to farrow next fall, as a result of favorable prospects for the corn crop next summer, the increase in pigs raised will not be reflected in increased pork supplies until the spring and summer of 1949. Beginning at that time we may see an upward trend in pork production under way which might continue for 2 or more years, depending on the availability of plentiful supplies of corn to maintain increased production.

Cattle and Calves

In contrast to the factors causing the downward trend in hog and sheep production, the supply of cattle and calves is being reduced because of the high level of cattle prices and the uncertainty as to how long these prices will continue. Cattlemen are in much the same position as the owner of a house who has an opportunity to sell it at a price far above what he paid for it, and who thinks he might be able later to buy another house equally good for considerably less. They are inclined, therefore, to sell cattle more closely than ever before--reducing their breeding herd and replacement stock--in hopes that later when prices decline they can rebuild their herds by buying breeding stock from those who did not sell. Although this is generally considered to be wise practice in most lines of business, it results in reducing cattle numbers and making fewer cattle available when the seller wishes to restock.

The slaughter of 36 million cattle and calves last year indicates that cattle numbers now total around 76 to 77 million head, or about

4 1/2 million less than a year earlier. Cattle numbers reached their peak 3 years ago when the total was estimated at 85.6 million. They were reduced by 4 1/2 million head in 1945 and 1946, and apparently by about the same number last year. Present cattle numbers therefore are indicated to be about 9 million fewer than the peak of 3 years ago, which is a decrease of a little more than 10 percent.

The official estimates of livestock numbers will be released late in February, and not until then will we know for certain which classes of cattle have been reduced most. During the first half of last year, an unusually large proportion of the available supply of steers and heifers was slaughtered. During the second half, the slaughter of cows was very large in relation to cow numbers. Calf slaughter during the year was near a record proportion of the calf crop produced--equivalent to nearly 40 percent of the crop.

The indications on cow and heifer slaughter in 1947 point to a probable reduction of about 2 1/2 million head in the total number of all cows and heifers 2 years old and over, but it is not certain how the indicated decrease is divided between beef cows and milk cows. The sharp drop in the ratio of milk and butter prices to feed prices last year probably caused dairymen to cull their herds more closely than normal, especially during the fall months, and this may account for much of the large increase in cow slaughter at that time.

Fewer Cattle for Slaughter Expected This Year

Because of the large reduction in cattle numbers last year and the reduced supplies of feed grain now available, we can expect fewer cattle for slaughter this year. The number of cattle on feed on January 1 was 12 percent less than a year earlier, and the smallest since 1940. In the Corn Belt the decrease in the number on feed was 19 percent. Outside the Corn Belt the total on feed is 12 percent greater than last year and the largest on record. Most of this increase is in California and Colorado. Supplies of hay, roughage, and byproducts of sugar beets used for cattle feeding are somewhat more abundant this year in the Western States, and demand for all classes of livestock for slaughter is unusually strong on the Pacific coast because of the great increase in population there since prewar years.

It is somewhat uncertain how large the decrease in slaughter of cattle and calves this year will be, but it probably will be relatively less than the decrease in number of cattle fed. The goal for combined slaughter of cattle and calves is 32 million head. Stopping the decline in cattle numbers this year would necessitate reducing total slaughter to about 30 million, or about 17 percent below that of last year. The demand for meat being as great as it now is, a reduction this large in slaughter is not to be expected. A reasonable expectation would be around 10 percent.

In years of short feed supplies, the general practice is to market grain-fed cattle early and to produce relatively few long-fed or highly finished cattle for the summer and early fall markets. This pattern of

feeding and marketing is likely to be followed this year, as is indicated by the kinds and weights of cattle taken out for feeding last fall. Shipments of stocker and feeder calves from the four larger markets in the last half of 1947 were 36 percent fewer than a year earlier. This indicates a large reduction in supplies of fed cattle in the late summer and fall. Feeder shipments of cows, heifers, and bulls were reduced by 38 percent, which means a much smaller supply of these kinds for slaughter during the winter and spring than a year earlier when they were unusually large. Total shipments of feeder steers from the four markets were 19 percent less than in the last half of 1946, and all the decrease was in steers weighing under 900 pounds. From these indications of the numbers and kinds of stocker and feeder cattle bought last fall, and of supplies, we can expect the reduction in beef supplies this year to be relatively greatest after June, and be most marked in the better grades.

Meat production in 1947 totaled slightly more than 23 billion pounds. Output this year is expected to be down about 2 billion pounds, or nearly 10 percent. The reduction will be relatively greatest in the second half of the year. Fewer fed cattle will be available during the summer and fall, and hog marketings in the last quarter will be down sharply from the previous year.

There is little prospect of increased imports of livestock or meat from Mexico and Canada, our main sources of such imports. Imports of live cattle from Mexico, formerly an important supplier of stocker and feeder cattle, are now barred from entry here because of foot-and-mouth disease in that country. They will continue to be barred until it has been determined that the disease no longer exists anywhere in Mexico. For several years we imported about half a million cattle a year from Mexico--mostly calves and yearlings for grazing on pastures in the Southwest before going to feed lots or to slaughter.

Imports of cattle and meats from Canada are only nominal now because of an embargo which the Canadian Government imposed in order to carry out its commitments to furnish beef for export to Great Britain. These commitments extend into 1950. Since cattle prices in Canada are only about half as high as in this country, the removal of this embargo to permit the entry of Canadian cattle here would cause meat prices to rise sharply in Canada and bring marked complaints from consumers there.

Although the proposed plans for aiding economic recovery in Europe provide for shipments of large quantities of food products abroad, it is unlikely that any meat other than horsemeat will be included in these shipments--at least for the first 2 years the program is in effect.

Beyond 1948

Looking beyond 1948 into 1949 and the early 1950's, the indications point to continued decreasing supplies of lamb, mutton, beef, and veal, but to probably an upturn in pork output beginning in the late spring or fall of 1949. The increase in pork production will depend on the outcome of the corn crop this year and next, but it is doubtful if the increase obtained will be sufficient to offset the probable reduction in the out-

put of other meats.

How much longer cattle numbers will decrease is somewhat uncertain. The downward trend will end when producers have more confidence in future price stability and when they find it necessary to retain cattle to obtain the maximum net return from their pastures and crops. A good stand of grass is a great incentive to own cattle. Pastures without cattle are like a house for rent without a tenant. You can never recoup for the time it is not used.

When cattlemen start holding heifers and cows to increase numbers, this will further reduce the supply of cattle for slaughter for at least 2 or 3 years after this action is taken. Assuming that the present downward trend in cattle numbers is not likely to end before 1950, there is reason to expect that supplies of cattle and calves for slaughter will probably continue to decrease until 1952 or 1953. During the years of smallest slaughter the yearly total probably will be less than 30 million head. Because of increasing population--now expanding at the rate of nearly 2 million a year--the supply of meat per person will decrease at a faster rate than the total supply, and will probably drop close to the levels of the decade of the thirties, when per capita consumption for the period averaged about 130 pounds. Last year it was about 155 pounds and this year it is expected to be about 143 pounds.

The most uncertain factor in the immediate and longtime outlook for the livestock industry is the probable demand for meats. People engaged in analyzing business trends and the factors determining the incomes received by consumers are forecasting a continuation of the present high level of business during the first half of 1948, with some possibility of a slight decline in the second half. In the latter period, production of some items now in short supply is expected to catch up with demand.

For years beyond 1948, demand prospects are much less certain, but producers should keep in mind that this country is in a much different position from other countries, and is one much different from the one it was in before the war. Its population and standards of living have increased, and the requirements of its people are much greater. Meat is one of the foods most greatly desired. In my judgment the long-time prospects indicate a need for greater livestock production to take care of future demands.

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PERMIT REQUIREMENTS FOR CITRUS FRUITS RESUMED ALONG TEXAS BORDER

Effective February 9, permit requirements under quarantine on account of the Mexican fruitfly were restored because fruitflies from northeastern Mexico had begun to invade citrus plantings in adjoining Texas counties. The requirements were temporarily suspended on September 1, following disappearance of adult fruitflies. Northward migration across the border reintroduces the possibility of a spread of the pest.

The Tobacco Inspection Act

By Hugh W. Taylor

Every farmer who has ever received two widely different prices for a split lot of tobacco understands why inspection and market news service is needed. So does every farmer who has rejected a bid and resold the same tobacco on the same day at the same warehouse for double or triple the first price offered.

The tobacco inspection and market news service, based on Government grades, has been developed to provide a measuring stick and price guide to the grower. Before the sale, a trained inspector examines each basket of tobacco and certifies it as to grade. The market price reports, furnished daily by the market news service--cooperating in some cases with State agencies--give the grower the current average price paid for each specific grade. This information enables the grower to determine whether his tobacco is selling in line with current prices and, when necessary, to make intelligent rejections.

The Tobacco Inspection Act provides for three distinct services--inspection, market news, and demonstration.

Inspection

Tobacco inspection according to standard grades was begun by USDA in 1929. Under the Tobacco Inspection Act, which became law in 1935, growers were offered free and mandatory inspection on various tobacco markets where this service was desired. That is, the growers could request a referendum to be held on a market or group of markets, and if two-thirds of the votes cast favored inspection, those markets would then be designated by the Secretary of Agriculture for free and mandatory inspection.

The inspection service undertakes the inspection and certification of the grade of tobacco, before sale, at all auction markets. Upon application by interested parties, packed and processed tobacco is also inspected and certified as to grade.

The inspection is performed by highly trained specialists in tobacco judging who have passed training courses and tests to qualify them for the job. They work ahead of the auction sale, certifying each basket as to grade according to Federal standards. This grade is a description of each basket of tobacco as to group, quality, and color. Tobacco grades are determined by division and subdivision until a point is reached at which further subdivision is neither essential nor desirable. Each final subdivision is called a grade.

The first division, called a class, is made on the basis of distinct characteristics of tobacco caused by varieties of seeds, soils, climate, and methods of cultivation, harvesting, and curing. There are six classes of tobacco--Flue Cured, Fire Cured, Air Cured, Cigar Filler,

Cigar Binder, and Cigar Wrapper.

Each class is subdivided into types. A type contains tobacco having certain common characteristics that permit its being divided into a number of closely related grades. Tobacco which has the same characteristics and corresponding qualities, colors, and lengths is treated as one type. For example, in the Air-Cured class--the third class mentioned in the preceding paragraph--there are five types. They are Burley, Southern Maryland, One-Sucker, Green River, and Virginia Sun Cured.

Grades

The next subdivision breaks down each type into grades. A grade of Burley tobacco, for example, is made up of three factors--group, quality, and color.

A group is determined by shape of leaf, body, percentage of injury, and other common characteristics. Different groups are Flyings, Lugs, Leaf, Wrappers, Nondescript, and Scrap, with a subgroup of short leaves called Tips.

Flyings normally consist of the leaves at the lower part of the tobacco plant, and show considerable amount of the injury characteristic of leaves grown near the ground. They are usually tissuey to medium in body, low in oil, generally to thoroughly ripe, and dull in finish.

Lugs are the leaves next above the flyings--usually the longest and widest on the plant. Lugs are comparatively free from injury characteristic of leaves grown near the ground, are thin to medium in body, smooth in finish, and have a wrinkled, crepelike leaf surface.

Leaf group tobacco is medium to heavy in body, generally has a higher percentage of oil and wax (gum) than that of lugs, is narrower in width with larger stems (midribs) and lateral veins, has a more pointed tip of leaf and lower degree of finish, and varies in maturity from ripe to fairly ripe, according to quality.

Tips are a subgroup of leaf under 16 inches long.

Wrappers are selected from either leaf or lugs, must be silky, elastic, fairly oily, ripe, firm, and strong. They have bright finish, blending fibers, and not more than 5 percent of injury. They are therefore almost perfect leaves. The main difference between wrappers and choice qualities of leaf and lugs is the degree of elasticity.

Nondescript can be from any of the foregoing groups. It consists of (1) muddy or very dirty tobacco; or (2) tobacco containing an unusual amount of foreign matter; or (3) tobacco containing over 40 percent of crude leaves; or (4) tobacco damaged to the extent of 20 percent or more; or (5) tobacco infested with live tobacco beetles or other injurious insects; or (6) wet tobacco; or (7) uncured tobacco; or (8) very inferior lots of tobacco of a quality not ordinarily marketed; (9) or tobacco with characteristics distinctly foreign to the type.

Scrap is a byproduct of handling tobacco in both the unstemmed and stemmed forms. It consists chiefly of portions of tobacco leaves (except stems) that accumulate in warehouses, packing and conditioning plants, and stemmeries.

The group division is the first and basic grade factor. In examining Burley tobacco, for example, the physical characteristics detailed above are used to determine the different groups.

The second grade factor is quality, of which there are five degrees --Choice, Fine, Good, Fair, and Low, each based on a combination of elements of smoothness, oil, maturity, body, width, porosity, color shade, finish, and uniformity.

The third grade factor is color. Each quality of the several groups is divided into colors as required. The terms used to describe color in Burley tobacco are Straw, Tan, Reddish Tan, Red, Dark Red, and Green.

Any combination of group, quality, and color can be made to form a grade. Symbols are used for each group, quality, and color. Still using the Burley type as an example, the symbols and what they stand for are:

<u>GROUPS</u>	<u>QUALITIES</u>	<u>COLORS</u>
A - Wrappers	1 - Choice	L - Straw
B - Leaf	2 - Fine	F - Tan
C - Lugs	3 - Good	FR - Reddish Tan
X - Flyings	4 - Fair	R - Red
N - Nondescript	5 - Low	D - Dark Red
S - Scrap		G - Green

Assume that we are to determine the grade of a single lot of Burley. Upon examination we find that it is clearly a Flying, so the first symbol of the grade should be "X." Examining it more closely we find that it is fairly tissuey in body, fairly smooth, has a dull finish and a true color shade. This indicates it is a Good Flying--in other words, third quality. If it had been mellow, smooth, and of clear finish, it would have been Fine or second quality. If it had been a smooth Flying of very clear finish and pale color shade, it would have been Choice or first quality. Going the other way, we might have found that this was only Fair, or fourth quality; or fifth quality. But taking all the factors into consideration we have found it to be Good or third quality, so we add a "3" as the second symbol, and have "X3."

This still is not complete for it does not indicate the color. This particular lot we find to be a light or Straw color, so we add the symbol "L." Now we have "X3L"--a complete description of the tobacco. As we shall find later, it is possible to consult the market news reports and see what prices are being paid for other tobacco of that same description.

The Federal system of grades for tobacco differs from private sys-

tems in two respects. First, the Federal system is more comprehensive since it must describe all lots offered for sale, whereas any private system applies only to the grades of tobacco purchased by the particular firm using the system. Second, each grade symbol has a definite meaning which is known to the general public.

The groups, qualities, and colors, in combination, do not always describe accurately a lot of tobacco that has some unusual characteristic or some particular phase of quality or color. To describe such a lot, special factors are used in addition to the usual grade symbols. For example, B4FW describes Leaf tobacco, of Fair quality, Tan color, in doubtful keeping order.

Farmers are sometimes confused by the fact that the several groups, qualities, colors, and special factors can be combined to form a large number of grades. They say too many grades are recognized, because the total number cannot be applied to their particular crops. It should be remembered that grades are used only as required, and only a limited number are necessary to describe all tobacco in an individual crop. But crops from different farms and from different areas show such a wide variation that a wide range in grades is necessary to describe all tobacco offered for sale.

Operation of Inspection Service

On markets where the inspection service operates, the procedure is about as follows. Growers deliver their tobacco to the market of their choice and to any warehouse they may select. The tobacco is arranged for sale on flat baskets. Each lot (or basket) is then weighed and a warehouse ticket is placed on it. The ticket shows the name of the seller and the number of pounds of tobacco in the lot, and may give other information for identification. Space is provided on the ticket for the name of the buyer, the grade symbol of the buyer, the price at which the tobacco is sold, and the Federal grade. The lots are placed in line on the warehouse floor.

As soon as there is good light, the official inspectors start at the beginning of the "break" ahead of the sale and examine each lot. The inspector writes upon the ticket the Federal grade that correctly describes the tobacco in the lot, and his initials. The warehouse ticket then becomes a certificate of grade.

Market News Service

The average farmer can't spend enough time on the warehouse floor to keep posted on the approximate value of the different grades of tobacco. Yet this knowledge is essential if he is to get a fair price for his tobacco. To close the gap the tobacco market news service was developed. It is a companion activity to the inspection service.

Studies by the U. S. Department of Agriculture show that most of the tobacco sold at auction is sold at prices within the normal range of each grade and therefore are in line with equitable prices as establish-

ed by sales. The studies also show that some lots sell considerably higher than the normal price range for the grade, and that about the same number of lots sell in a price range that is considerably lower than the normal range. In both cases these prices are entirely out of line with equitable sales. In the one instance the seller receives too much for his tobacco and in the other he receives too little. One grower gets a premium for his tobacco, the other is penalized.

This situation, which causes much dissatisfaction, could be eliminated by proper and consistent use of the inspection and market news services. The certificate of grade on the warehouse ticket provides tobacco growers with unbiased information about the grade or quality of each lot of tobacco offered for sale. The price reports furnish a definite basis for deciding whether to accept a bid.

During auction sales, on various markets located over the entire Burley belt, a record is made of grade, pounds, and price for each lot sold. These data are transmitted to a central market news office, where averages are calculated for each grade and issued in the form of daily price reports to all markets, where they are available to growers.

The combination of inspection and market news services shows the grower the grade of each lot of tobacco he is offering for sale, and the average price at which each of these grades has actually been selling. By referring to the price report the grower can see if each grade he has sold that day has brought near the average price. Naturally, there will be some range in prices by grade, depending on the spread of prices paid for the individual lots of the grade. For example, if a grower had a lot of B3F tobacco which was selling, according to the price report, at an average of \$49, he might reasonably expect to receive from \$47 to \$51 for his lot. But if this lot happened to be neglected or overlooked in the sale, and brought only the B4F average of \$41, within a reasonable range of \$39 to \$43, he could then intelligently reject this bid and reoffer the tobacco for sale. Say his lot weighs 600 pounds. It is bid in at \$41. He rejects this bid, and resells at the B3F average of \$49. This is 8 cents a pound more, or \$84 net to the grower. Studies made by USDA indicate that in the majority of cases this neglected basket would bring its graded B3F price at the next sale.

Information like this will enable every farmer to determine after his tobacco is sold whether the prices, lot by lot, are in line with those already established on a grade basis by the buyers. This information will enable farmers to market their tobacco on a basis of fair competition.

USDA records of offerings and sales show that when bids are materially below the price range per grade, farmers make money by rejecting the bids and putting their tobacco up for sale again. On the other hand, the data also show that when bids are within the price range per grade, or above the average for the grade, farmers seldom profit by rejecting--usually they lose money. So if farmers are to benefit from the inspection and market news services they must apply the information.

Demonstration Service

The demonstration service shows farmers the objectives of inspection and market news and how these services can benefit them, and instructs them in the better preparation of their tobacco for market so that it can be sold at the highest price consistent with quality.

In cooperation with county agents and agricultural teachers, tobacco inspectors hold meetings at tobacco barns, where actual stripping demonstrations are given. These demonstrations show the farmer the best way to prepare his tobacco for market so as to get the best possible dollar value for his crop. Inspectors are also made available to classes of agricultural students. USDA gives agricultural colleges, county agents, vocational teachers of agriculture, chambers of commerce, and other civic and farm organizations the opportunity to further the service.

Why the Government Acts

Why can't warehouse starters and buyers determine the grade of tobacco as well as Government inspectors? Studies show that in most cases they can, and do, since the bulk of sales are made at prices within the normal range for the several grades. But sales at abnormally low prices remain to be explained.

One explanation may be the speed at which tobacco is sold at auction. The normal rate for Burley, for example, is 360 lots an hour--a lot every 10 seconds. It is extremely doubtful whether grade determinations can be accurately and consistently made at this rate during the whole period of sales. To a large extent the inequality in prices for the same grade of tobacco results from errors in judgment by the starters and buyers because the selling goes so fast.

Another explanation is the light in which tobacco is sold. Some tobacco may be placed on the warehouse floor where the light is unsatisfactory. It may be in a dark corner, or under a skylight through which the sun shines directly on the tobacco. Both conditions make accurate determinations very difficult, and often adversely affect the sales price.

Under Federal inspection, enough inspectors are provided for each sale to eliminate errors in judgment caused by speed and bad light. The inspectors begin inspecting tobacco sometime before the sale starts, they are not rushed, and if tobacco is placed in a poor light they can carry it to a better light.

But it should be remembered that the inspection service does not promote sales for farmers. It merely supplies information about the quality of tobacco offered for sale. And the market news service does not establish prices. It merely records current average prices established by sales of tobacco. But if this information is rightly used it will go a long way toward ending the losses which growers suffer when their tobacco is knocked down at below-the-market prices.

Cotton.--Resumption of a program to encourage use of low-grade cotton in the manufacture of paper has been announced by USDA. Two cents a pound, gross weight, will be paid to "rag content" paper manufacturers on cotton used. This is only half the rate paid last year. Maximum amount of cotton that can be used under the program is 10 million pounds --one-fifth of last year's maximum.

Fats and Oils.--On January 23, USDA announced the cancellation of commercial allocations covering 29.1 million pounds of fats and oils and 20.7 million pounds (oil equivalent) of shelled peanuts which had been allocated in 1947 but for which export licenses had not been issued up to the end of 1947. The action was according to program provisions that no fats and oils allocated for commercial procurement in 1947 could be exported in 1948 unless licenses were obtained in 1947.... Olive oil from all countries has been placed under U. S. import control through an amendment of War Food Order 63, USDA announced February 2.... A national peanut production goal of 2,839,000 acres to be picked and threshed in 1948 has been announced. The 1947 crop was 3,378,000 acres. The proposed acreage would yield about 935,000 tons of farmers stock peanuts.

Potatoes.--USDA announced in mid-January that it had completed arrangements for loading two shiploads (about 467,000 bushels) of surplus potatoes for shipment to Europe for the Army for relief distribution.... Potatoes from fields infested with the golden nematode will not be eligible for price support in 1948. In 1947, potatoes were accepted if produced on land not found to be infested with this microscopic, root-sapping worm until after planting time. The infestation is known to exist only in one area (Long Island), but the danger of its spreading to other areas is a serious threat to future potato production.... Arrangements have been completed for shipment of approximately 70,000 tons (about 2,330,000 bushels) of surplus potatoes to Italy and France under the U. S. Foreign Aid Program. The shipments, according to an announcement on February 2, will be from potatoes bought by the Commodity Credit Corporation under the mandatory price support program.... USDA announced on February 4 that arrangements were being completed to load five more shiploads of surplus potatoes for use by the Army in the Bi-Zonal area of Germany. The shipments, totaling approximately 35,000 tons, were to be made by early March from east coast ports.... Late in January, USDA recommended a 1948 sweetpotato goal of 617,500 acres, the same as the total acreage planted in 1947. With average yields this acreage would result in a crop about equal to the 57,178,000 bushels produced in 1947.

Fruits.--A purchase program for canned single strength grapefruit juice and concentrated grapefruit juice was announced in January by USDA. Purchases will be made from processors, growers, associations of growers, or their authorized agents within the continental U. S. The offer-and-acceptance method of purchase will be used.... The Commodity Credit Corporation will purchase for use in the school lunch program up to 125,000 boxes of winter pears produced in Oregon, Washington, and California, USDA announced in January.... On January 29, USDA announced

that CCC had bought an additional 1,250 tons of dried apples, including 750 tons in the State of Washington at prices averaging \$287.10 a ton, and 500 tons in California at prices averaging \$273.70 a ton. This brought total CCC purchases during the current marketing season to 2,250 tons.... On January 29, USDA also announced a CCC purchase of 5,000 tons of Golden Bleached Thompson Seedless raisins in packed processed form at prices averaging \$198.50 a ton. This quantity, when added to previous purchases totaling 100,000 tons of sun-dried Thompson Seedless Raisins, made a total of 105,000 tons of this food item purchased by CCC during the current marketing season.

Grain.--Grain export quotas for March 1948 announced February 5 by USDA total 976,400 long tons, including 35,684,000 bushels of wheat and flour (in wheat equivalent), 500,000 bushels of rye, and 373,000 bushels of barley. The February quotas totaled 995,500 long tons (37,124,000 bushels).... January-June 1948 export allocations of 869,000 bags (100 pounds each) of dry beans to Austria, Greece, and Italy, and of 330,000 bags of dry peas to Germany and Japan were announced on January 29 by USDA. The allocations of dry beans consist of 352,000 bags for Austria, 132,000 bags for Greece, and 385,000 bags for Italy. The allocations of peas consist of 220,000 bags for Germany, and 110,000 bags for Japan. ... Formal announcement that there will be no corn marketing quotas and no corn acreage allotments for the 1948-49 corn production and marketing season was issued by USDA late in January.... CCC bought 108,920,000 pounds of rice between October 14, 1947, and January 9, 1948. These purchases included 56,900,000 pounds of 1947-crop rice produced in California, and 52,020,000 pounds of 1947-crop rice produced in the South. The 56,900,000 pounds of California rice was bought on the basis of \$9.50 per hundred pounds for No. 5 unpolished Pearl, and \$9.80 per hundred pounds for No. 4 unpolished Pearl, delivered at port in the San Francisco Bay area.

Sugar.--On January 19, USDA announced issuance of an order allotting the direct consumption portion (126,033 short tons, raw value) of the 1948 Puerto Rican sugar quota among the manufacturers of such sugar in Puerto Rico.... "Fair and reasonable" minimum wage rates to be paid in 1948 for non-harvest sugarcane work by producers in Louisiana applying for payments under the Sugar Act of 1948 have been announced by USDA. The basic minimum rate for adult male workers, doing ordinary unskilled labor, is \$2.90 a day, an increase of about 12 percent over the 1947 minimum rate. Minimum rates for other classes of work and for other sugarcane workers have also been increased by about 12 percent, as follows: Adult female workers, \$2.40 a day; tractor drivers, \$3.65 a day; teamsters, \$2.90 a day; and workers between 14 and 16 years, \$2.20 a day.

Poultry.--On February 3 USDA offered to sell, for export only, approximately 58,500,000 pounds of frozen eggs which were acquired under the price support program last year. The offer was made to explore possible foreign outlets for USDA frozen eggs and to help relieve foreign food shortages. The stocks represent the remainder on hand after sale, between October 27, 1947, and January 28, 1948, of 2,772,900 pounds to domestic outlets.

ABOUT MARKETING:

The following addresses, statements, and publications, issued recently, may be obtained upon request. To order, check on this page the publications desired, detach and mail to the Production and Marketing Administration, U. S. Department of Agriculture, Washington 25, D. C.

Addresses and Statements:

Thunder on the Left, by Clinton P. Anderson, Secretary of Agriculture, before the annual convention of Board of Agriculture, Topeka, Kans. January 14, 1948. 14 pp. (Mimeographed)

Summary of talk by Clinton P. Anderson, Secretary of Agriculture, at the 76th annual farmers week and agricultural convention delegates' dinner, Trenton, N. J. January 26, 1948. 4 pp. (Mimeographed)

Statement by Clinton P. Anderson, Secretary of Agriculture, before the Senate Foreign Relations Committee regarding the European Recovery Program. January 13, 1948. 8 pp. (Mimeographed)

Administration of the Sugar Act of 1948, by James H. Marshall, director of PMA Sugar Branch, before the Sugar Club, New York, N. Y. January 20, 1948. 9 pp. (Mimeographed)

Remarks by S. R. Smith, director of PMA Fruit and Vegetable Branch, before the Potato Division, United Fresh Fruit and Vegetable Association, at San Francisco, Calif. January 21, 1948. 4 pp. (Mimeographed)

Publications:

Report of the Administrator of the Production and Marketing Administration, 1947. (PMA) January 1948. 77 pp. (Printed)

Report of the President of the Commodity Credit Corporation, 1947. (CCC) January 1948. 13 pp. (Printed)

Cotton Testing Service. (PMA) November 1947. 27 pp. (Multilithed)

Rat Control Methods. (U. S. Department of the Interior in cooperation with U. S. Department of Agriculture) PA-41. January 1948. 11 pp. (Multilithed)

Save Farm Grain by Fumigation! (USDA Fact Sheet from information supplied by the Agricultural Research Administration and the Bureau of Entomology and Plant Quarantine) January 1948. 2 pp. (Printed)

Costs of Canning Selected Vegetables, Northeastern States, 1941. (Bureau of Agricultural Economics) December 1947. 21 pp. (Mimeographed)